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MASSACHUSETTS TO RECEIVE \$50.8 MILLION IN FEDERAL RECOVERY FUNDS TO REVIVE STALLED HOUSING CONSTRUCTION PROJECTS

Tax credit exchange funds to jump start developments, create jobs

BOSTON - Friday, July 10, 2009 - Massachusetts will receive \$50.8 million from the American Recovery and Reinvestment Act to finance new construction and the rehabilitation of affordable housing developments currently stalled due to the lack of equity available in the low-income housing tax credit market. The funds, issued by the U.S. Treasury Department, will be used in exchange for unsold tax credits to help fill the gaps for project sponsors who were relying on the sale of those credits to fund a substantial portion of their project development costs.

"Investments from this program will boost our regional economy as it gets important construction projects back on line, puts people back to work and creates new housing opportunities for hard working families all across the Commonwealth," said Governor Deval Patrick. "We are grateful for the efforts of our entire Congressional Delegation's role in making these recovery funds available for Massachusetts."

"Reviving and increasing our stock of affordable housing is critical to our ongoing work to help homeless families and those at risk of becoming homeless move away from needing emergency shelter and into permanent and stable housing," said Lt. Timothy P. Governor Murray, who also serves as chairman of the Interagency Council for Housing and Homelessness.

The Massachusetts Department of Housing and Community Development (DHCD) will implement the program and estimates that over the next 12 to 18 months, up to 300 housing units can be built, while creating hundreds of jobs.

With pending approval from the Treasury Department, it is expected that tax credit exchange funds will be awarded to project sponsors through a competitive process that DHCD hopes will begin in August. All funds must be expended by December 31, 2010

"These funds are vital to Massachusetts families who are out of work and reeling from the soaring cost of housing," said Senator Edward Kennedy. "I commend the Massachusetts Department of Housing and Community Development for its extraordinary commitment to our citizens struggling with housing costs, and I commend President Obama for emphasizing the need to make these important investments that protect families and also create jobs in our Commonwealth."

"We've got more than 750 Massachusetts families and 1,000 children hanging on by their fingernails living in motels at a cost to state taxpayers of nearly \$2 million each month," said Senator John Kerry. "This affordable housing investment will help these families and thousands more who are out of work or struggling with reduced incomes from fewer hours at work by creating good jobs and delivering affordable housing now. It will help keep these working families off the streets and out of shelters for good."

"This most recent example of the benefit Massachusetts will be receiving from the recovery bill is good news for three reasons," said Congressman Barney Frank. "First it will provide a welcome boost to employment in the construction area; second it will add badly needed stores of affordable rental housing; and third the funding will help several cities and towns by acceleration the process of turning unproductive property into tax paying units. This is exactly what those of us who worked to include this funding in the recovery bill had in mind."

"Adequate, safe and affordable housing is essential during these difficult economic times," said Congressman Jim McGovern. "I'm pleased that these stimulus funds are being put to such good use."

"This money will put to the heart of the matter in this tough economy - jobs and housing. I'm pleased the timely release of these funds will help jump-start stalled affordable housing projects to help those most in need put a roof over their head while also putting Massachusetts residents back to work in construction jobs that pay well," said Congressman John F. Tierney.

"These much-needed funds will create jobs while jumpstarting construction of critical affordable housing units for hardworking families," said Congressman Edward J. Markey. "With many residents of our state struggling to make ends meet during the ongoing economic downturn, these federal funds have a double benefit, financing affordable housing while also creating construction jobs to put people back to work."

"These funds will jump-start stalled construction projects, creating jobs in our communities and providing affordable housing for working families," said Congresswoman Niki Tsongas. "This is exactly the type of job creating investment in our cities and towns that we should be making and I want to thank Governor Patrick and DHCD for their support of this initiative."

"In this recession, we've seen home construction grind to a halt while the need for affordable housing continues to increase. Traditional instruments used to spur development are now less effective, and to recover from this crisis we will need to get creative," said Congressman John Olver. "This federal investment will help to ensure that our supply of affordable housing keeps pace with the demand."

"This \$50 million in federal Recovery Act assistance will create more housing opportunities for Massachusetts families and help stimulate the local economy. I have been an outspoken advocate of modernizing the Low-Income Housing Tax Credit (LIHTC) program for many years. As a member of the Ways and Means Committee, I have held hearings to improve and simplify the LIHTC, which resulted in the enactment of the Housing and Economic Recovery Act of 2008. In my opinion, it is a successful and important program that helps improve the quality of life for millions of Americans," said Congressman Richard E. Neal.

"Low-income housing tax credits were once a \$9 billion dollar market for investment, but under current economic conditions that market has dwindled to about \$3 to 4 billion," said Tina Brooks, DHCD Undersecretary. "Massachusetts is very happy that these treasury funds are beginning to flow and as we make our first awards by the end of summer, we expect to see projects move to construction shortly thereafter."

Investments in housing and economic development are critical components of Governor Patrick's [Massachusetts Recovery Plan](#), which combines state, federal and, where possible, private efforts to provide immediate and long-term relief and position the Commonwealth for recovery in the following ways:

- Deliver immediate relief by investing in the road, bridge and rail projects that put people to work today and providing safety net services that sustain people who are especially vulnerable during an economic crisis;
- Build a better tomorrow through education and infrastructure investments that strengthen our economic competitiveness, prepare workers for the jobs of the future, and support clean energy, broadband, and technology projects that cut costs while growing the economy; and
- Reform state government by eliminating the pension and ethics loopholes that discredit the work of government and revitalize the transportation networks that have suffered from decades of neglect and inaction.

For more information, please visit www.mass.gov/recovery.

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